



OFFICE OF THE NATIONAL COMMANDER
CIVIL AIR PATROL
UNITED STATES AIR FORCE AUXILIARY
Maxwell Air Force Base, Alabama 36112-6332

26 September 2004

MEMORANDUM FOR ALL REGION AND WING COMMANDERS

FROM: CAP/CC

SUBJECT: Clarification of Audit Requirement for Wings and Regions

1. Two years ago CAP/FM initiated an audit approach that has been termed the "national audit". The purpose of this approach was to improve the timeliness, accuracy, and consistency of our annual financial audit and reporting. Additionally, the national audit was intended to relieve the Civil Air Patrol wings of the administrative and financial burden of performing a separate audit.
2. The national audit process has changed the requirement for certain financial reporting requirements specified in CAPR 173-2. Specifically, those wings that have been selected for inclusion in the national audit will not be required to:
 - a. Notify CAP/FM of auditor selection in writing
 - b. Prepare IRS form 990 or Attachment A
 - c. Submit audited financials to NHQ
3. Wings that have been included in the national audit will not be receiving a separate financial audited report from NHQ. The wing's financial transactions are included in the audited financial data with the National Headquarters. Wings that have not yet been included in the national audit or have a requirement for a separate audit due to state legal or other requirements should continue to engage their own external auditor and make all notifications and suspenses indicated in CAPR 173-2.
4. The change in reporting requirements for the annual audit does not relieve the wing from the requirement that a finance committee designee perform a quarterly audit of the wing's financial records and internal controls. This regulation requirement remains in effect and it is the fiduciary responsibility of each wing to ensure that the quarterly audit is accomplished.

DWIGHT H. WHELESS
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Commander